



M.C. No. 32, 1993

MEMORANDUM CIRCULAR

TO : ALL HEADS OF DEPARTMENTS, BUREAUS AND AGENCIES
OF THE NATIONAL AND LOCAL GOVERNMENTS, STATE
COLLEGES AND UNIVERSITIES, GOVERNMENT-OWNED OR
CONTROLLED CORPORATIONS

SUBJECT : Policy on Entrepreneurial Activities of
Government Employees

Section 2 of R.A. 6713 provides that "It is the policy of the State to promote a high standard of ethics in public service. Public officials and employees shall at all times discharge their duties with utmost responsibility, integrity, competence and loyalty, act with patriotism and justice, lead modest lives, and uphold public interest over personal interest."

The issue of whether entrepreneurial activities of some government employees can be allowed arises in the light of abovestated provision of R.A. 6713. Such activities appear to have been triggered by the urgent need of government employees to augment their income and to cope up with the rising cost of living.

Working as real estate or insurance agents, direct selling of commodities and merchandise, operating retail stores, managing a farm, and contracting out specialized services are some activities from which some employees derive extra income and sustain their living standards.

Cognizant of the reasons behind these economic ventures, entrepreneurship may be allowed subject, however, to the following conditions:

1. That government employees shall strictly observe Section 7, paragraphs (a), (b) and (c) of R.A. 6713 which declares as unlawful the following acts and transactions of any public official and employee:

xxx

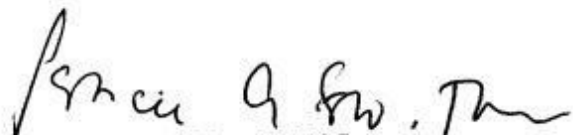
(a) **Financial and material interest.** - Public officials and employees shall not, directly or indirectly have any financial or material interest in any transaction requiring the approval of their office.

(b) Outside employment and other activities related thereto. - Public officials and employees during their incumbency shall not:

- (1) Own, control, manage or accept employment as officer employee, consultant, counsel, broker, agent, trustee or nominee in any private enterprise regulated, supervised or licensed by their office unless expressly allowed by law;
 - (2) Engage in the private practice of their own profession unless authorized by the Constitution or law, provided that such practice will not conflict or tend to conflict with their official functions; or
 - (3) Recommend any person to any position in a private enterprise which has a regular or pending official transaction with their office.
2. That the conduct of business or economic ventures shall not conflict or tend to conflict with the official functions of the public official or employee;
 3. That the conduct of business or economic ventures shall not be done during office hours nor within the required forty hour work a week period; and
 4. That the public official or employee shall not in any manner use government resources, facilities, equipment and supplies in the conduct of his or her business or economic ventures.

In view thereof, the Commission hereby enjoins all concerned to observe the abovementioned conditions and the provisions provided for under RA 6713, and other existing Civil Service laws, rules, regulations relative to entrepreneurial activities.

Please be guided accordingly.


PATRICIA A. STO. TOMAS
Chairman

August 26, 1993